

NEW ORLEANS
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CITY HALL

From Answers to Action

Post-Election Policy Making: Street Maintenance

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BACKGROUND

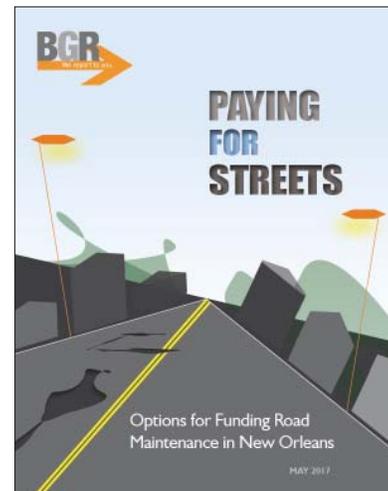
In May 2017, BGR published a detailed analysis of the City's current funding sources dedicated to streets.* It then evaluated options for increasing funding for the most pressing need, street maintenance. The City estimates it needs \$30 million to \$35 million annually for preventive maintenance. However, BGR found that the City has spent an average of just \$3.8 million a year since 2011. Failure to find an adequate, recurring source of revenue for preventive maintenance risks squandering the enormous capital investment the City is about to make to repair streets damaged after Hurricane Katrina.

While there is no question that the City needs more money for streets, this does not necessarily mean it needs more money from the public. BGR found that the City receives more than \$50 million in net revenue from 10 sources with a strong connection to streets, such as traffic camera tickets, parking tickets and vehicle sales taxes. But the City invests none of this money back into the street network. And for many years, streets have taken a back seat to other local priorities in the competition for local tax dollars. BGR recommended that the City should look to redirect existing revenue streams or rededicate existing local taxes before seeking new funding sources.

If the City needs new funding sources, BGR urged the City to consider alternatives to property taxes. Property taxes, the primary source of local funding for streets, generally have a weak connection to street use. Also, exemptions shield many properties from taxation, even though some of them impose significant burdens on the street network. Other options exhibit a stronger connec-



tion to street use and a broader base of payers. One is a Transportation Utility Fee, in which property occupants pay street charges based upon estimates of how many vehicle trips that property generates. Another is a local fuel tax, either through a local option or a state dedica-



* BGR, *Paying for Streets: Options for Funding Road Maintenance in New Orleans*, May 2017, available at <http://www.bgr.org/reports/paying-for-street-maintenance-in-new-orleans/>.

STREET MAINTENANCE

In July 2017, BGR asked the mayoral and council candidates the same two questions regarding the appropriate level of funding for street maintenance and their plans for achieving it.



What level of funding will you pursue for street maintenance?

Mayor LaToya Cantrell

\$30 to \$35 million dollars.

Councilmember At-Large Helena Moreno

We spend less than 25% of what neighboring Jefferson Parish spends on routine street maintenance. We can't maintain this discrepancy and expect citizens to deal with yawning potholes forever. It is unacceptable. I'm committed to vastly increasing our prioritization of street maintenance as a budgetary item outside of our capital budget.

Councilmember At-Large Jason Williams

... We have been using very large federal grants to finally fix the real problems underneath the streets but our city is sinking because of outmoded water management systems, subsidence, and chronic deferred maintenance of critical infrastructure, which require different types (and levels) of funding.

I am in support of fixing these problems with real solutions. I am not interested in funding a very expensive band aid for our streets that doesn't fix the underlying problem. The answer isn't dumping a bunch of gravel in a hole, but I am willing to pursue lower-cost, common sense mid-term alternatives that keep roads safe and drivable until we have resources necessary for proper repairs.

... There are plenty of other revenue sources already within our budget that could be reallocated to street repair. Revenue generated from the increase in parking rates would be a place to start, many other opportunities to appropriately tie road-related revenue sources to road repair.

Additionally, we need to make sure we are taking care of our streets once they have been repaired. ...

I am open to increasing the amount of funding available for street maintenance but it *must* create jobs – not temporary construction gigs, but long-term well-paying jobs, building America's roads was the investment in infrastructure that created America's once-thriving middle class.

Councilmember Joseph "Joe" Giarrusso, III (District A)

Street maintenance is one of those safety priorities. As shown on page 2 of the May 17 BGR report, the City receives \$8.5 million in dedicated revenue for the streets. That money was not spent on street maintenance for several years, according to the report. The dedicated funds need to be spent specifically on streets. In addition, the City estimates the streets cost \$30-\$35 million/year to maintain. Using the dedicated \$8.5 million reduces the \$30-\$35 million estimate to \$21.5-\$26.5 million. To make up that gap, as shown on Table 3 of the May 17 report, the City collected about \$52 million in fees associated with street-related charges. The BGR report argues that those funds should be tied back to street and infrastructure repair. Third, with expected general fund revenue increases of \$25 million, we need to safeguard that money for top City priorities.

Councilmember Jay H. Banks (District B)

I would double or triple the less than \$10M we spend on street maintenance. Our streets in uptown are in terrible shape - especially those on the interior of neighborhoods. It's long past time we spend the requisite amount of money to create a full plan for interior street renovation in concert with SWB and other utilities to avoid the need to dig our streets up again.



What level of funding will you pursue for street maintenance?

CONTINUED

Councilmember Kristin Gisleson Palmer (District C)

I support the necessary level of funding that is required for street maintenance.

Councilmember Cyndi Nguyen (District E)

District E has not received its fair share of the budget to improve infrastructure. Before I decide to increase the budget or not, I need to understand where the money went and how does District E get its fair share. With the vast of funds poured into the city of New Orleans for the past several years to improve infrastructure, it is disturbing to see the poor conditions of our streets today. Strong accountability methods need to put into place to avoid waste and fraud.

Once those concerns are addressed, I believe that we can establish an accountable system that is fair and we can look at existing funds that could be re-directed to infrastructure. Moving forward, I believe that we need to establish a long-term plan that addresses what will it take to improve infrastructure and improve the quality of life for the citizens of New Orleans.



How do you intend to achieve this level of funding?

Mayor LaToya Cantrell

I want to redirect hotel occupancy and sales tax revenue and devote City lease revenue from large scale projects, such as the World Trade Center, towards an infrastructure fund. I also want to use new property tax revenue from real estate property tax abatement projects with abatements that are soon to expire.

Finally, I want to create an incentive program that partners with the public sector to redevelop vacant property in exchange for PILOTS and encourages nonprofits to sell unwanted and unneeded property to get it back on the property tax rolls.

Councilmember At-Large Helena Moreno

The City is barely spending \$6 million on regular maintenance today. I would look to dedicate revenue from traffic violations to street repairs - and potentially connect some of this dedicated revenue stream to bonding to increase the speed at which we can completely repair interior streets. I am also committed to working with the next mayor to ensure we receive the \$2 billion for repairs that FEMA is currently attempting to claw back.

Councilmember At-Large Jason Williams

There's two types of funding here – the initial repairs which invest in salvaging our crumbling infrastructure, and long-term recurring revenue for maintenance and improvements. For repairs, we are already taking advantage of billions of dollars in federal grants. I am willing to explore additional funding if job creation is part and parcel.

Recurring revenue

This is a little trickier, because we all use streets no matter how much money we make. The status quo options are generally very unfair, and disproportionately impact people living on the margin and lower-income communities. Funding roads through a gas tax is regressive – the increased cost of a tank of gas is barely noticeable for some, but prohibitive for others. Tying to property value is antithetical to the point of a public good, and will only make struggling neighborhoods worse off, and affluent neighborhoods even better.

There are other options out there as well, such as creation of street maintenance districts. ...

We are starting to use the streets differently, and I want to ensure our revenue isn't tied to an outdated technology, source of energy, or urban design. ...

I am open to exploring ideas that raise revenue for repairs while encouraging folks to walk or bike or get out of their cars, but they would have to be structured fairly. ...



How do you intend to achieve this level of funding?

CONTINUED

Councilmember Joseph “Joe” Giarrusso, III (District A)

Please see response to the previous question.

Councilmember Jay H. Banks (District B)

I believe in dedicating street revenue to street construction - that means all parking tickets, moving violations, etc. should be returned to the streets or even matched to bonds to drastically increase the maintenance budget.

Councilmember Kristin Gisleson Palmer (District C)

I would redirect existing revenue streams or rededicate local taxes - specifically, sources connected to street use, such as traffic camera tickets, parking tickets and vehicle sales taxes.

Councilmember Cyndi Nguyen (District E)

Once District E gets its fair share and we establish a long-term plan, we can explore to achieve the level of funding needed.
